



Agenda Item Number: 2006-6-8B

BERNALILLO COUNTY BOARD OF COUNTY COMMISSIONERS

Meeting Date: June 27, 2006

Department: County Manager **Staff Contact:** Commissioner Deanna Archuleta-Loeser,
Thaddeus Lucero, County Manager
Dan Mayfield, Deputy County Manager for Finance

TITLE: Notice of intent to implement up to 2/16% Healthcare Gross Receipts Tax in accordance with Laws of 2006.

ACTION: Motion to approve publication of the Notice of Intent to adopt ordinance to implement 2/16% Healthcare Gross Receipts Tax Countywide.

SUMMARY:

During the 2006 legislative session NMSA 7-20E-18 known as the County Health Care Gross Receipts Tax (ATCH 1) was amended to allow the implementation of 2/16% Gross Receipts Tax. The County Health Care Gross Receipts Tax can be implemented for the following:

1. 1/16th cent gross receipts tax must be dedicated to support the county-supported Medicaid fund. UNMH currently makes this payment of approximately \$10 million per year. Implementation of this tax will allow UNMH to apply this funding toward its deficit for taking care of indigent patients.
2. The second 1/16th % gross receipts tax can be imposed for a period that ends no later than June 30, 2009. Revenue from the second 1/16th % gross receipts tax must be dedicated to the support of indigent patients.

If the attached Notice of Intent is approved on June 27, 2006 and advertised on July 2, 2006, the ordinance can be adopted at the August 8, 2006 County Commission Administrative Meeting.

ATTACHMENTS:

1. HB 274 – NMSA 7-20E-18 as amended in the 2006.
1. Notice of Intent and Ordinance for 1st 1/16% County Health Care Gross Receipts Tax
2. Notice of Intent and Ordinance for 2nd 1/16% County Health Care Gross Receipts Tax

FISCAL IMPACT

If the Ordinance is enacted the increase in revenue from the first 1/16% gross receipts tax will be used to satisfy the State of New Mexico's Medicaid matching requirement from Bernalillo County. If the second 1/16th% gross receipts tax is implemented the proceeds will be dedicated to the support of indigent patients until June 30, 2009

STAFF ANALYSIS SUMMARY

COUNTY MANAGER

Governor Richardson recently held a health care summit to address the needs of University of New Mexico Hospital. An annual deficit of \$43 million was identified by UNMH and the UNM Board of Regents. Part of the deficit is caused by UNMH's transfer of \$10 million per year to the State of New Mexico for Medicaid match. If the first 1/16th Health Care Gross Receipts Tax is implemented UNMH will be relieved of its obligation to transfer \$10 million.

If the second 1/16th% gross receipts tax is implemented additional funding will be available for indigent patients thereby lessening financial pressures upon UNMH. T. Lucero 6/20/2006.

LEGAL

All documents have been prepared by Hughes and Strummor, Ltd.

DEPUTY COUNTY MANAGER FOR FINANCE

An election is not required to implement the Health Care Gross Receipts Tax. By beginning the process now we can ensure revenues starting January 1, 2007. Dan Mayfield, 06/20/06